

Message Text

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C O N F I D E N T I A L SECTION 01 OF 04 BRUSSELS 10452

USEEC

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TAGS: EAID, ETRD, EEC
SUBJECT: US-EC CONSULTATIONS: REVIEW OF EC PLANS FOR
FORTHCOMING LOME II NEGOTIATIONS

REF: BRUSSELS 2739

1. SUMMARY: DURING THE US/EC SEMI-ANNUAL CONSULTATIONS, THE TWO SIDES REVIEWED EC PLANS FOR RENEWAL OF THE LOME CONVENTION WHICH EXPIRES IN MARCH 1980. THIS REVIEW COVERED BOTH THE PROCEDURAL AND SUBSTANTIVE ASPECTS OF THE FORTHCOMING NEGOTIATIONS ON LOME II, AND INCLUDED AN EXCHANGE OF VIEWS ON EC COMMISSION PROPOSALS ON HUMAN RIGHTS, MARITIME FISHING, AND ADHERENCE TO CERTAIN ILO NORMS RELATING TO CONDITIONS OF LABOR. UNDER SECRETARY COOPER ALSO REMINDED THE EC SIDE OF THE ADVERSE EFFECT OF THE COMMUNITY'S SUGAR POLICY ON ORDERLY MARKETING OF SUGAR WORLDWIDE, AND INVITED THE EC TO BRING ITS POLICIES IN THIS AREA IN LINE WITH THE RECENTLY NEGOTIATED INTERNATIONAL SUGAR AGREEMENT. END SUMMARY.

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2. UNDER SECRETARY COOPER OPENED THE DISCUSSION BY ASKING THE EC SIDE HOW IT SEES CURRENT PROSPECTS FOR RENEWAL OF THE LOME CONVENTION. OBSERVING THAT IN ONE SENSE THE CONVENTION IS NOT "PAYING OFF" FOR THE EC BECAUSE THE ACP GROUP IS NO MORE COOPERATIVE ON NORTH/SOUTH PROBLEMS VIS-A-VIS THE COMMUNITY THAN IS THE G-77 AT LARGE, KLAUS

MEYER, DIRECTOR GENERAL FOR DG-VIII (DEVELOPMENT) WENT ON TO DISCUSS BOTH PROCEDURAL AND SUBSTANTIVE ISSUES CONNECTED WITH THE FORTHCOMING LOME II NEGOTIATIONS.

A. PROCEDURE:

MEYER INDICATED THAT THE PRESENT CONVENTION EXPIRES IN 1980; HENCE, TO ALLOW TIME FOR PARLIAMENTARY RATIFICATION OF A NEW ACCORD, NEGOTIATIONS MUST BE TERMINATED BY EARLY 1979. THE EC HAS AGREED WITH THE ACP'S TO A FORMAL, CEREMONIAL OPENING OF NEGOTIATIONS AT MINISTERIAL LEVEL THIS JULY, FOLLOWED BY SUBSTANTIVE NEGOTIATIONS (AT THE AMBASSADORIAL LEVEL) IN BRUSSELS BEGINNING IN SEPTEMBER. THE COMMISSION IS PREPARING A DRAFT NEGOTIATING POSITION FOR ENDORSEMENT BY EC COUNCIL OF FOREIGN AFFAIRS MINISTERS IN JUNE, BASED ON THE FOLLOWING PRINCIPLES:

- CONSOLIDATION, RATHER THAN FUNDAMENTAL REVISION, OF THE SUBSTANTIVE PROVISIONS IN THE EXISTING LOME CONVENTION;
- SIMILAR GEOGRAPHICAL COVERAGE, EXCEPT THAT CERTAIN PRESENT AND FUTURE INDEPENDENT BLACK AFRICAN STATES, SUCH AS MOZAMBIQUE, ZIMBABWE AND NAMIBIA, WOULD BE ELIGIBLE FOR MEMBERSHIP. (MOZAMBIQUE, ACCORDING TO MEYER, HAS RECENTLY EVINCED INTEREST IN LOME II.);
- LIKELY PERIOD OF DURATION OF LOME II IS FIVE YEARS, ALTHOUGH SOME EC MEMBER STATES ARE ARGUING FOR AN UMBRELLA TREATY OF UNLIMITED DURATION CONTAINING FINITE TRADE AND CONFIDENTIAL

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FINANCIAL PROVISIONS;

- REPLENISHMENT OF THE FIFTH EUROPEAN DEVELOPMENT FUND WILL NOT BE SETTLED UNTIL THE FINAL STAGES OF EC/ACP NEGOTIATIONS, ALTHOUGH IT IS LIKELY, IN THE COMMISSION'S VIEW, THAT THE AMOUNT OF MONEY IN QUESTION WILL REMAIN ABOUT THE SAME (IN REAL TERMS), WITH SUPPLEMENTARY FINANCIAL ASSISTANCE FOR NEW ADHERENTS TO THE CONVENTION, IF ANY.

B. SUBSTANTIVE AMENDMENTS TO THE EXISTING CONVENTION: MEYER BRIEFLY DESCRIBED SEVERAL OF THE MAJOR SUBSTANTIVE CHANGES COMMISSION IS RECOMMENDING TO THE EC COUNCIL FOR INCLUSION IN LOME II. AMONG THE LATTER ARE:

- AGREED RULES ON PROTECTION AND GUARANTEE OF PRIVATE EUROPEAN INVESTMENT IN THE ACP COUNTRIES TO ENCOURAGE ADDITIONAL CAPITAL FLOWS TOWARD THE DEVELOPING COUNTRIES;
- FORMAL, BUT NON-BINDING, CONSULTATION PROCEDURES (BRINGING TOGETHER GOVERNMENT, BUSINESS AND LABOR) TO PROVIDE AN EARLY WARNING SYSTEM IN THE EVENT OF PROBLEMS IN CERTAIN SENSITIVE TRADE SECTORS;
- A PROVISION GOVERNING MARTIME FISHING RIGHTS;
- REFERENCE TO PROTECTION OF HUMAN RIGHTS.

3. WITH REGARD TO HUMAN RIGHTS, THE EC SIDE INDICATED THAT THE COMMISSION FAVORS A "MODERATE" APPROACH, I.E., A SIMPLE PREAMBULAR REFERENCE TO BASIC PRINCIPLES SUCH AS FREEDOM FROM TORTURE, ETC., RATHER THAN AN OPERATIVE PARAGRAPH SPELLING OUT SANCTIONS TO BE APPLIED TO GOVERNMENTS FOUND TO BE SYSTEMATICALLY VIOLATING HUMAN RIGHTS. THE PRACTICAL IMPLICATIONS OF THE COMMISSION'S PROPOSED LANGUAGE THEREFORE MIGHT ENTAIL A UNILATERAL PUBLIC STATEMENT OF DISPLEASURE BY THE COMMISSION, COUPLED WITH A REVIEW OF EUROPEAN DEVELOPMENT FUND AID FLOWS TO THE OFFENDING STATE. AFTER THIS REVIEW THE COMMUNITY MIGHT EITHER DECIDE TO DO NOTHING OR TAKE ACTION, SUCH AS HAS

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BEEN DONE IN THE CASE OF UGANDA, TO ENSURE THAT AID FLOWS ARE DIRECTED TO THE NEEDY SEGMENTS OF THE POPULATION. MEYER CONCLUDED THIS DISCUSSION BY MENTIONING THAT EC FOREIGN MINISTERS, MEETING INFORMALLY IN NYBORG, MAY 20, INDICATED THAT THEY WOULD PROBABLY GO ALONG WITH A MODERATE APPROACH TO THE HUMAN RIGHTS QUESTION, ALONG THE LINES PROPOSED BY THE COMMISSION.

4. UNDER SECRETARY COOPER, RESPONDING TO THE FOREGOING COMMENTS BY THE EC DELEGATION, PARTICULARLY WELCOMED THE COMMISSION'S SUGGESTIONS REGARDING HUMAN RIGHTS, AND OBSERVED THAT THE LIKELY INCLUSION IN LOME II OF ACCORDS ON PROTECTION AND GUARANTEE OF PRIVATE INVESTMENT IN THE ACP COUNTRIES WOULD ALSO BE USEFUL. WITH REGARD TO MARITIME FISHING, HE SAID THAT IT WAS NOT CLEAR WHETHER THE COMMISSION'S IDEAS WERE CONCERNED WITH PRIVILEGED ACCESS

FOR EC BOATS IN ACP FISHING ZONES OR WHETHER PROTECTION OF
ACP FISHERMEN IN COMMUNITY WATERS WAS THE OBJECTIVE. IF
IT WERE THE FORMER, THE UNDER SECRETARY OBSERVED, IT WOULD
SEEM TO CONFLICT WITH THE EXISTING CONVENTION'S PRINCIPLE
OF CONCESSIONS FLOWING IN ONE DIRECTION, I.E., TOWARD THE
ACP'S. WHILE THE US IS PROBABLY A DISINTERESTED PARTY
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IN THE CASE OF FISHING, AN ADVERSE PRECEDENT COULD BE
CREATED BY THE COMMISSION'S PROPOSED ACTION, ESPECIALLY
IF JAPAN SHOULD ATTEMPT TO EXTRACT SIMILAR CONCESSIONS
FROM THE ASEAN GROUP. THE EC SIDE COMMENTED THAT ITS
THINKING ON THIS SUBJECT WAS NOT YET CLEAR, AND THAT THE
MATTER IS STILL UNDER REVIEW BY COMMISSION'S SERVICES.

5. AMBASSADOR HINTON NOTED THAT DIRECTOR GENERAL MEYER
HAD NEGLECTED TO MENTION THE COMMISSION PROPOSAL
(REFTEL) REGARDING ADHERENCE BY THE ACP'S TO CERTAIN
UNIVERSALLY RECOGNIZED NORMS GOVERNING CONDITIONS OF
LABOR, AS DEFINED BY THE ILO. MEYER RESPONDED THAT THE
COMMISSION'S SERVICES ARE STILL CONSIDERING VARIOUS
OPTIONS IN THIS CONTEXT AND THAT THESE WOULD LIKELY
APPLY TO ALL THIRD COUNTRIES HAVING PREFERENTIAL ACCESS
TO EC-NINE MARKETS. IF THE COMMISSION'S IDEA ON THIS
SUBJECT RECEIVE EC COUNCIL APPROVAL, THEY COULD THEN
BE APPLIED IN THE CONTEXT OF LOME II. THE MAIN PROBLEM
AT THIS TIME IS TO DEFINE ACCEPTABLE, WORKABLE, LABOR
STANDARDS BASED ON SELECTED ILO CONVENTIONS.

6. UNDER SECRETARY COOPER AND DEPUTY ASSISTANT SECRETARY
HORMATS SAID THAT THEY COULD FORESEE CERTAIN PROBLEMS
WITH THE COMMISSION'S THINKING IN THIS AREA, SUCH AS:

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-- ENFORCEMENT COULD BE DIFFICULT IF CERTAIN ACP COUNTRIES ARE NOT SIGNATORIES TO ALL ILO CONVENTIONS IN QUESTION;

-- HOW WOULD THE PROPOSED POLICY ON LABOR STANDARDS AFFECT THE COMMUNITY'S GSP?

-- HOW IS IT POSSIBLE TO DISTINGUISH BETWEEN IDENTIFICATION OF UNFAIR LABOR STANDARDS AND THE ECONOMIC AND SOCIAL CONSEQUENCES OF ABSOLUTE POVERTY IN CERTAIN LDC'S? (UNDER SECRETARY COOPER HOPED THAT THE PROPOSED EC POLICY IN THIS FIELD WOULD NOT INADVERTENTLY DEPRIVE CERTAIN LDC.S OF THE OPPORTUNITY TO ENGAGE IN TRADE SIMPLY BECAUSE THEY ARE POOR.)

-- WILL THE COMMUNITY'S POLICY APPLY TO PRODUCTS FROM ALL SECTORS, INCLUDING RAW MATERIALS, MANUFACTURES AND AGRICULTURA COMMODITIES, REGARDLESS OF THEIR TARIFF STATUS IN THE COMMUNITY? IN SHORT, FROM THE US VANTAGE POINT, IT IS DIFFICULT TO SEE HOW THE COMMISSION.S IDEAS COULD BE WORKABLE WITHOUT A FACTORY-BY-FACTORY REVIEW OF MANAGEMENT ORGANIZATION AND WORKING CONDITIONS IN THE LDC'S.
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THE EC SIDE'S ONLY RESPONSE WAS A GENERAL ONE: THE PROBLEM OF LABOR STANDARDS (TO BE APPLIED IN LOME II) IS STILL UNDER REVIEW BY THE COMMISSION.S SERVICES, AND PRESENT WORK BY THE EC IN THIS FIELD IS MERELY THE BEGINNING OF A "LONG-TERM APPROACH AND MUST BE SEEN IN THAT LIGHT." IT ALSO REFLECTS, IN THE COMMISSION'S VIEW, THE COMMUNITY'S FUNDAMENTAL ATTACHMENT TO THE RULES OF FAIRTRADE IN INTERNATIONAL COMMERCIAL RELATIONS.

7. IN CONCLUDING THIS EXCHANGE OF VIEWS ON THE LOME CONVENTION, UNDER SECRETARY COOPER TOOK THE OPPORTUNITY TO REGISTER US CONCERN OVER EC SUGAR POLICIES, OF WHICH THE CONVENTION'S SUGAR PROTOCOL IS A PART. THE PROTOCOL ENTAILS BUYING SUGAR FROM ACP COUNTRIES AT HIGH PRICES BUT AT THE SAME TIME THE EC IS SELLING A FAR LARGER AMOUNT OF SUGAR ON WORLD MARKETS AT SUBSIDIZED RATES. CERTAIN LATIN AMERICAN NON-ACP SUGAR PRODUCERS HAVE COM-

PLAINED TO THE UNITED STATES ABOUT THE ADVERSE EFFECTS
ON THE WORLD MARKET OF THE COMMUNITY'S SUBSIDIZED EXPORTS.
IN REGISTERING THIS POINT WITH THE COMMISSION, UNDER
SECRETARY COOPER SAID HE HOPED: (A) THE EC WOULD EVEN-
TUALLY RECOGNIZE THE DISRUPTIVE EFFECT THAT ITS POLICIES

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ARE HAVING ON ORDERLY WORLD MARKETING OF SUGAR; AND (B)
ADHERE TO THE RECENTLY NEGOTIATED INTERNATIONAL SUGAR
AGREEMENT. WHILE REFUSING TO ACCEPT US CONCLUSIONS
REGARDING THE EFFECT OF THE EC/ACP SUGAR PROTOCOL, THE
EC SIDE AGREED TO "TAKE NOTE" OF US CONCERNS IN THIS AREA.

8. IN HIS CONVERSATION WITH THE COMMITTEE OF PERMANENT
REPRESENTATIVES LATER THE SAME DAY, COOPER NOTED THAT IN
DISCUSSING LOME II WITH THE COMMISSION HE HAD HEARD A
NUMBER OF INTERESTING NEW IDEAS ON INVESTMENT PROTECTION,
HUMAN RIGHTS, AND LABOR STANDARDS. DANISH PERMREP
RIBERHOLDT NOTED SOMEWHAT FROSTILY THAT THE COMMUNITY WAS
IN THE PROCESS OF DEVELOPING ITS OPENING POSITION, AND
THAT IT WOULD NOT BE FORMALIZED UNTIL JULY. (HE CLEARLY
WAS MIFFED THAT THE COMMISSION HAD DISCUSSED THE MATTER
WITH THE US.) MR. COOPER NOTED THAT THE COMMISSION REPRE-
SENTATIVES HAD MADE THIS CLEAR AND THAT THEY WERE TALKING
ABOUT THEIR IDEAS. RIBERHOLDT CONTINUED THAT THE QUESTION
OF HUMAN RIGHTS WAS EXTREMELY DELICATE AND THE MEMBER
STATES WERE NEARING AGREEMENT ON AN "EXTREMELY CAUTIOUS
APPROACH." ON THE MATTER OF INVESTMENT PROTECTION, HE
SAID THAT, WHILE THE COMMISSION POSITION WAS CLEAR, THERE

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WERE DIVERGENCIES AMONG THE MEMBER STATES. IF THERE WERE AN AGREEMENT ON THIS POINT, IT WOULD BE FOR A CAUTIOUS APPROACH. ON WORKING CONDITIONS, HE OPINED THAT THIS WOULD NOT BE A PART OF THE COMMUNITY'S OPENING POSITION AND THAT THE ISSUE WAS NOT RIPE TO BE RAISED. HE INTONED THAT THE COMMISSION HAD TWO ROLES, TO PROPOSE AND TO NEGOTIATE, AND IT WAS IMPORTANT TO DISTINGUISH BETWEEN THE TWO. COOPER NOTED HE WAS AWARE OF THIS AND THAT IT WAS PERFECTLY CLEAR THAT THESE ISSUES WERE NOT AGREED EVEN IN THE COMMISSION. RIBERHOLDT THOUGHT LOME II WAS ON THE COUNCIL AGENDA FOR JUNE 27 AND THAT A DEFINITIVE POSITION WOULD EMERGE ONLY THEN. HINTON

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